

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re)
)
) Chapter 11
Calpine Corporation, <u>et al.</u> ,)
) Case No. 05-60200 (BRL)
Debtors.) Jointly Administered
)

**STIPULATION AND AGREED ORDER AMONG CALPINE CORPORATION,
RUMFORD POWER ASSOCIATES LIMITED PARTNERSHIP, THE
OFFICIAL COMMITTEE OF UNSECURED CREDITORS, AND
PORTLAND NATURAL GAS TRANSMISSION SYSTEM**

On or about December 20, 2005, Calpine Corporation (“Calpine”) and many of its U.S. subsidiaries, including Rumford Power Associates Limited Partnership (“Rumford Power”) (collectively “Debtors”), filed voluntary petitions for Chapter 11 bankruptcy. On July 31, 2006, creditor Portland Natural Gas Transmission System (“PNGTS”) filed a Proof of Claim in the amount of \$201,587,006 against each of the following Debtors (“Claims”):

Proof of Claim No. 4773	Calpine Corporation
Proof of Claim No. 4772	Calpine Power Company
Proof of Claim No. 4771	Calpine Rumford, Inc.
Proof of Claim No. 4770	Calpine Rumford I, Inc.
Proof of Claim No. 4769	Rumford Power Associates Limited Partnership
Proof of Claim No. 4768	Calpine Energy Services Holdings, Inc.
Proof of Claim No. 4767	CPN Energy Services GP, Inc.
Proof of Claim No. 4766	CPN Energy Services LP, Inc.
Proof of Claim No. 4765	Calpine Energy Services, L.P.
Proof of Claim No. 4764	Androscoggin Energy, Inc.
Proof of Claim No. 4763	Calpine Northbrook Corporation of Maine, Inc.

To date, no party in interest has filed an objection to any of the Claims.

On May 14, 2007, Debtors filed their Motion for Entry of an Order Approving Settlement of Claims of the Indenture Trustee, Pass Through Trustee, Owner Participant and Owner Lessor Relating to the Rumford and Tiverton Facilities (“Motion to Approve Settlement”). On May 31,

2007, PNGTS filed an Objection to the Motion to Approve Settlement (“Objection”). The Hearing Date for the Motion to Approve Settlement is currently scheduled for June 5, 2007. In order to, among other things, resolve PNGTS’ Objection, and facilitate the reconciliation of claims asserted against the Debtors, Calpine, Rumford Power, the Official Committee of the Unsecured Creditors (“the Committee”), and PNGTS hereby stipulate as follows:

1. PNGTS shall have an allowed claim in the Calpine and Rumford Power chapter 11 CASES ("PNGTS Allowed Claim"). The amount of the PNGTS Allowed Claim has not been agreed to by the Parties. In this regard, Calpine, Rumford Power, and the Committee reserve their objections as to the ultimate quantification of the PNGTS Allowed Claim. The allowed amount of the PNGTS Allowed Claim shall not exceed \$174,000,000 (PLUS INTEREST TO THE EXTENT PROVIDED FOR UNDER A PLAN OF REORGANIZATION FOR CALPINE AND/OR RUMFORD POWER). PNGTS shall not be entitled to a double recovery on the PNGTS Allowed Claim. For example, if the ultimate allowed amount of the PNGTS Claims against each of Calpine and Rumford is \$174 million plus interest, the total recovery that PNGTS may receive on account of both of such claims in the aggregate shall not exceed \$174 million, plus interest. Within three (3) business days of approval by the Bankruptcy Court of this Stipulation and Agreed Order, PNGTS shall withdraw all of the Claims filed other than the Claims evidenced by proof of claim numbers 4769 and 4773 filed in the Rumford Power and Calpine CHAPTER 11 CASES. PNGTS shall not file any additional pre-petition claims against any of the Debtors; however, PNGTS has the right to amend claim numbers 4769 and 4773 to assert additional claims against Calpine and Rumford Power in accordance with applicable bankruptcy law and has the right to assert any administrative claims against Calpine and Rumford Power.

2. Debtors shall adjourn the hearing on the Motion to Approve Settlement until June 13, 2007, to be heard immediately after the hearing, if any, on this Stipulation and Agreed Order.

3. In the event this Stipulation and Agreed Order is not approved and entered by the Bankruptcy Court prior to the hearing on the Motion to Approve Settlement, this Stipulation and Agreed Order shall be null and void and the parties agree that nothing contained herein shall limit (a) the Debtors' ability to proceed with their Motion to Approve Settlement; (b) PNGTS' rights to pursue its Objection; (c) PNGTS' rights to pursue all of its Claims; or (d) the rights of any party to oppose the Claims on any grounds.

4. The Agreed Order approving this Stipulation shall be immediately effective upon entry by the Court and not subject to any stay under applicable law.

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Counsel for Portland Natural Gas Transmission
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SO ORDERED AND APPROVED:

/s/Burton R. Lifland
UNITED STATES BANKRUPTCY JUDGE

Dated: New York, New York
June 12, 2007